



ANNUAL STATEMENT

For the Year Ended December 31, 2016
of the Condition and Affairs of the

Priority Health

NAIC Group Code.....3383, 3383 (Current Period) (Prior Period)	NAIC Company Code..... 95561	Employer's ID Number..... 38-2715520
Organized under the Laws of MI	State of Domicile or Port of Entry MI	Country of Domicile US
Licensed as Business Type.....Health Maintenance Organization	Is HMO Federally Qualified? Yes [] No [X]	
Incorporated/Organized..... March 7, 1986	Commenced Business..... October 15, 1986	
Statutory Home Office	1231 East Beltline NE..... Grand Rapids MI UNI 49525-4501 (Street and Number) (City or Town, State, Country and Zip Code)	
Main Administrative Office	1231 East Beltline NE..... Grand Rapids MI UNI 49525-4501 (Street and Number) (City or Town, State, Country and Zip Code)	616-942-0954 (Area Code) (Telephone Number)
Mail Address	1231 East Beltline NE..... Grand Rapids MI UNI 49525-4501 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)	
Primary Location of Books and Records	1231 East Beltline NE..... Grand Rapids MI UNI 49525-4501 (Street and Number) (City or Town, State, Country and Zip Code)	616-464-8837 (Area Code) (Telephone Number)
Internet Web Site Address	www.priorityhealth.com	
Statutory Statement Contact	Rachel Brandon (Name) rachel.brandon@priorityhealth.com (E-Mail Address)	616-464-8205 (Area Code) (Telephone Number) (Extension) 616-942-7916 (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Joan Antaya Budden #	President / Chief Executive Officer	2. Mary Anne Jones	Treasurer / Chief Financial Officer
3. Kimberly Lynn Thomas	Secretary	4.	

OTHER

DIRECTORS OR TRUSTEES

Richard Breon	Christina Michelle Freese Decker #	Rajesh Ujamlal Kothari	Lynn Marie Liddle
Rodrick Tremain Miller #	Edwin Anders Ness	Paul Gerald Saginaw	Hilary Fred Snell
James Joseph Stephanak	Michael Frederic Sytsma	Gary Wade Timmer	Bruce Allen Ullery
Michael Clifton Vredenburg	Wendy Hansen Walker	Samuel Lynn Wanner	Seth William Wolk #
Elaine Coston Wood			

State of.....
County of.....

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Joan Antaya Budden 1. (Printed Name) President / Chief Executive Officer (Title)	(Signature) Mary Anne Jones 2. (Printed Name) Treasurer / Chief Financial Officer (Title)	(Signature) Kimberly Lynn Thomas 3. (Printed Name) Secretary (Title)
Subscribed and sworn to before me This _____ day of _____ 2017	a. Is this an original filing? b. If no	Yes [X] No [] 1. State the amendment number 2. Date filed 3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	350,634,509		350,634,509	338,631,083
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	206,855,169		206,855,169	193,839,544
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	836,727	836,727	.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....12,611,584, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....315,027,419, Schedule DA).....	327,639,012		327,639,012	301,613,520
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....			.0	
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	885,965,417	836,727	885,128,690	834,084,147
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	3,043,243		3,043,243	3,393,949
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	49,432,175	4,670,709	44,761,466	23,870,565
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			.0	14,039
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	15,460,647		15,460,647	14,265,697
16.2 Funds held by or deposited with reinsured companies.....			.0	
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....	13,206,990		13,206,990	4,214,052
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0	
18.2 Net deferred tax asset.....			.0	
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....			.0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....	4,131	4,131	.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....	17,119,179	91,899	17,027,280	15,561,188
24. Health care (\$.....21,800,608) and other amounts receivable.....	40,323,889	18,512,121	21,811,768	14,763,038
25. Aggregate write-ins for other-than-invested assets.....	55,270,046	55,270,046	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,079,825,717	79,385,633	1,000,440,084	910,166,675
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTAL (Lines 26 and 27).....	1,079,825,717	79,385,633	1,000,440,084	910,166,675

DETAILS OF WRITE-INS				
1101. ....			.0	
1102. ....			.0	
1103. ....			.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Prepaid expenses.....	55,270,046	55,270,046	.0	
2502. ....			.0	
2503. ....			.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	55,270,046	55,270,046	.0	.0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	224,530,776	13,795,095	238,325,871	192,859,069
2. Accrued medical incentive pool and bonus amounts.....	42,844,046		42,844,046	36,856,728
3. Unpaid claims adjustment expenses.....	4,141,622	228,075	4,369,697	3,561,735
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....	57,600,948		57,600,948	40,721,688
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserves.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	17,084,768		17,084,768	27,709,226
9. General expenses due or accrued.....	20,861,072		20,861,072	21,916,064
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....			0	
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....	1,741,254		1,741,254	1,429,626
12. Amounts withheld or retained for the account of others.....			0	
13. Remittances and items not allocated.....	3,020,732		3,020,732	2,472,733
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$....3,133 current).....	10,003,133		10,003,133	10,002,081
15. Amounts due to parent, subsidiaries and affiliates.....	28,501,670		28,501,670	29,170,918
16. Derivatives.....			0	
17. Payable for securities.....	1,593,837		1,593,837	4,313,350
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....			0	9,330,219
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	0	0	0	0
24. Total liabilities (Lines 1 to 23).....	411,923,858	14,023,170	425,947,028	380,343,437
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	1,000,000	18,874,000
26. Common capital stock.....	XXX	XXX	8,524	8,524
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX	35,821,002	35,821,002
29. Surplus notes.....	XXX	XXX	18,000,000	24,039,572
30. Aggregate write-ins for other-than-special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	519,663,529	451,080,141
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	574,493,055	529,823,239
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	1,000,440,083	910,166,676

DETAILS OF WRITE-INS

2301.			0	
2302.			0	
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above).....	0	0	0	0
2501. Appropriated Retained Earnings.....	XXX	XXX	1,000,000	1,000,000
2502. Reserve for Insurer Fee.....	XXX	XXX		17,874,000
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	XXX	XXX	1,000,000	18,874,000
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX.....	5,760,228.....	4,799,342.....
2. Net premium income (including \$.....0 non-health premium income).....	XXX.....	2,664,498,133.....	2,187,715,855.....
3. Change in unearned premium reserves and reserve for rate credits.....	XXX.....	(3,094,264).....	(1,848,165).....
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX.....	.....	.....
5. Risk revenue.....	XXX.....	.....	.....
6. Aggregate write-ins for other health care related revenues.....	XXX.....	1,746,230.....	1,801,755.....
7. Aggregate write-ins for other non-health revenues.....	XXX.....	.0.....	.0.....
8. Total revenues (Lines 2 to 7).....	XXX.....	2,663,150,099.....	2,187,669,445.....
Hospital and Medical:			
9. Hospital/medical benefits.....	.....	1,784,259,021.....	1,453,276,534.....
10. Other professional services.....	.....	15,962,688.....	10,237,144.....
11. Outside referrals.....	.....	45,437,734.....	31,086,865.....
12. Emergency room and out-of-area.....	.....	89,530,539.....	70,163,775.....
13. Prescription drugs.....	.....	361,766,276.....	293,202,223.....
14. Aggregate write-ins for other hospital and medical.....	.0.....	.0.....	.0.....
15. Incentive pool, withhold adjustments and bonus amounts.....	.....	53,979,428.....	36,583,780.....
16. Subtotal (Lines 9 to 15).....	.0.....	2,350,935,686.....	1,894,550,321.....
Less:			
17. Net reinsurance recoveries.....	.....	15,785,347.....	15,514,537.....
18. Total hospital and medical (Lines 16 minus 17).....	.0.....	2,335,150,339.....	1,879,035,784.....
19. Non-health claims (net).....	.....	.....	.....
20. Claims adjustment expenses, including \$.....39,549,183 cost containment expenses.....	.....	80,362,416.....	70,955,130.....
21. General administrative expenses.....	.....	213,714,591.....	179,838,102.....
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....	.....	.....	.....
23. Total underwriting deductions (Lines 18 through 22).....	.0.....	2,629,227,346.....	2,129,829,016.....
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX.....	33,922,753.....	57,840,429.....
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	.....	11,437,103.....	28,138,432.....
26. Net realized capital gains or (losses) less capital gains tax of \$.....0.....	.....	4,777,667.....	128,949.....
27. Net investment gains or (losses) (Lines 25 plus 26).....	.0.....	16,214,770.....	28,267,381.....
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....	.....	.....	.....
29. Aggregate write-ins for other income or expenses.....	.0.....	954,900.....	5,028,543.....
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX.....	51,092,423.....	91,136,353.....
31. Federal and foreign income taxes incurred.....	XXX.....	.....	.....
32. Net income (loss) (Lines 30 minus 31).....	XXX.....	51,092,423.....	91,136,353.....

DETAILS OF WRITE-INS			
0601. Wellness Revenue.....	XXX.....	1,746,230.....	1,801,755.....
0602.	XXX.....	.....	.....
0603.	XXX.....	.....	.....
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX.....	.0.....	.0.....
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	XXX.....	1,746,230.....	1,801,755.....
0701.	XXX.....	.....	.....
0702.	XXX.....	.....	.....
0703.	XXX.....	.....	.....
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX.....	.0.....	.0.....
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....	XXX.....	.0.....	.0.....
1401. ....	.....	.....	.....
1402. ....	.....	.....	.....
1403. ....	.....	.....	.....
1498. Summary of remaining write-ins for Line 14 from overflow page.....	.0.....	.0.....	.0.....
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	.0.....	.0.....	.0.....
2901. Management Fee Revenue.....	.....	954,900.....	1,506,161.....
2902. Vendor Settlement.....	.....	.....	3,522,382.....
2903. ....	.....	.....	.....
2998. Summary of remaining write-ins for Line 29 from overflow page.....	.0.....	.0.....	.0.....
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	.0.....	954,900.....	5,028,543.....

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	.....529,823,237	.....470,588,137
34. Net income or (loss) from Line 32.....	.....51,092,423	.....91,136,353
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$0.....	.....17,737,940	.....(4,054,736)
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....		
39. Change in nonadmitted assets.....	.....(18,120,977)	.....(20,846,517)
40. Change in unauthorized and certified reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....	.....(6,039,572)	.....(6,000,000)
43. Cumulative effect of changes in accounting principles.....		
44. Capital changes:		
44.1 Paid in.....		
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....		
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		
47. Aggregate write-ins for gains or (losses) in surplus.....	.....0	.....(1,000,000)
48. Net change in capital and surplus (Lines 34 to 47).....	.....44,669,814	.....59,235,100
49. Capital and surplus end of reporting period (Line 33 plus 48).....	.....574,493,052	.....529,823,237

DETAILS OF WRITE-INS		
4701. Adjustment to non-insurance subsidiary.....		.....(1,000,000)
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	.....0	.....0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above).....	.....0	.....(1,000,000)

CASH FLOW

		1	2
		Current Year	Prior Year
CASH FROM OPERATIONS			
1.	Premiums collected net of reinsurance.....	2,631,084,450	2,193,825,465
2.	Net investment income.....	13,308,332	28,835,629
3.	Miscellaneous income.....	1,746,230	1,801,755
4.	Total (Lines 1 through 3).....	2,646,139,012	2,224,462,849
5.	Benefit and loss related payments.....	2,300,022,868	1,817,848,154
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7.	Commissions, expenses paid and aggregate write-ins for deductions.....	311,692,294	235,904,527
8.	Dividends paid to policyholders.....		
9.	Federal and foreign income taxes paid (recovered) net of \$0 tax on capital gains (losses).....		
10.	Total (Lines 5 through 9).....	2,611,715,162	2,053,752,681
11.	Net cash from operations (Line 4 minus Line 10).....	34,423,850	170,710,168
CASH FROM INVESTMENTS			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds.....	206,619,709	155,496,463
12.2	Stocks.....	17,129,169	247,233
12.3	Mortgage loans.....		
12.4	Real estate.....		
12.5	Other invested assets.....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments.....	18,997	5,966
12.7	Miscellaneous proceeds.....		4,273,708
12.8	Total investment proceeds (Lines 12.1 to 12.7).....	223,767,875	160,023,370
13.	Cost of investments acquired (long-term only):		
13.1	Bonds.....	218,720,065	238,111,334
13.2	Stocks.....	8,846,400	32,747,070
13.3	Mortgage loans.....		
13.4	Real estate.....		
13.5	Other invested assets.....		
13.6	Miscellaneous applications.....	2,719,513	
13.7	Total investments acquired (Lines 13.1 to 13.6).....	230,285,978	270,858,404
14.	Net increase (decrease) in contract loans and premium notes.....		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(6,518,103)	(110,835,034)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes.....	(6,039,572)	(6,000,000)
16.2	Capital and paid in surplus, less treasury stock.....		
16.3	Borrowed funds.....	1,052	(652)
16.4	Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5	Dividends to stockholders.....		
16.6	Other cash provided (applied).....	4,158,264	(4,935,715)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(1,880,256)	(10,936,367)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	26,025,491	48,938,767
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year.....	301,613,520	252,674,753
19.2	End of year (Line 18 plus Line 19.1).....	327,639,012	301,613,520

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1.	Comprehensive (hospital and medical).....	1,570,535,469		2,666,716	1,567,868,753
2.	Medicare supplement.....	25,797,883			25,797,883
3.	Dental only.....				.0
4.	Vision only.....				.0
5.	Federal employees health benefits plan.....	7,434,783			7,434,783
6.	Title XVIII - Medicare.....	1,063,437,303		40,589	1,063,396,714
7.	Title XIX - Medicaid.....				.0
8.	Other health.....				.0
9.	Health subtotal (Lines 1 through 8).....	2,667,205,438	0	2,707,305	2,664,498,133
10.	Life.....				.0
11.	Property/casualty.....				.0
12.	Totals (Lines 9 to 11).....	2,667,205,438	0	2,707,305	2,664,498,133

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	2,317,763,234	1,373,537,219	18,982,652			6,077,898	919,165,465			
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	14,590,397	14,523,461					66,936			
1.4 Net.....	2,303,172,837	1,359,013,758	18,982,652	0	0	6,077,898	919,098,529	0	0	0
2. Paid medical incentive pools and bonuses.....	47,992,110	36,250,759					11,741,351			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	238,325,870	143,931,060	2,782,202				91,612,608			
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	238,325,870	143,931,060	2,782,202	0	0	0	91,612,608	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	42,844,046	31,745,969					11,098,077			
6. Net healthcare receivables (a).....	66,273,779	63,850,285					2,423,494			
7. Amounts recoverable from reinsurers December 31, current year.....	15,460,647	15,460,647								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	192,859,069	108,077,189	2,859,432				81,922,448			
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	0									
8.4 Net.....	192,859,069	108,077,189	2,859,432	0	0	0	81,922,448	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	0									
9.2 Reinsurance assumed.....	0									
9.3 Reinsurance ceded.....	0									
9.4 Net.....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	36,856,728	28,369,626					8,487,102			
11. Amounts recoverable from reinsurers December 31, prior year.....	14,265,697	14,265,697								
12. Incurred benefits:										
12.1 Direct.....	2,296,956,256	1,345,540,805	18,905,422	0	0	6,077,898	926,432,131	0	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	15,785,347	15,718,411	0	0	0	0	66,936	0	0	0
12.4 Net.....	2,281,170,909	1,329,822,394	18,905,422	0	0	6,077,898	926,365,195	0	0	0
13. Incurred medical incentive pools and bonuses.....	53,979,428	39,627,102	0	0	0	0	14,352,326	0	0	0

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	80,946,434	49,273,634					31,672,800			
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	80,946,434	49,273,634	0	0	0	0	31,672,800	0	0	0
2. Incurred but unreported:										
2.1 Direct.....	157,326,402	94,604,392	2,782,202				59,939,808			
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	0									
2.4 Net.....	157,326,402	94,604,392	2,782,202	0	0	0	59,939,808	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	53,034	53,034								
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	53,034	53,034	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	238,325,870	143,931,060	2,782,202	0	0	0	91,612,608	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	238,325,870	143,931,060	2,782,202	0	0	0	91,612,608	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical).....	111,342,726	1,223,751,136	439,206	141,293,169	111,781,932	108,077,189
2. Medicare supplement.....	2,211,058	16,771,594	14,814	2,767,388	2,225,872	2,859,432
3. Dental only.....					0	
4. Vision only.....					0	
5. Federal employees health benefits plan.....	506,878	5,571,020	6,813	2,191,872	513,691	
6. Title XVIII - Medicare.....	87,971,033	853,852,441	284,860	91,327,748	88,255,893	81,922,448
7. Title XIX - Medicaid.....					0	
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	202,031,695	2,099,946,191	745,693	237,580,177	202,777,388	192,859,069
10. Healthcare receivables (a).....	27,715,823	61,087,821		5,185,959	27,715,823	27,715,823
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	33,132,003	14,860,108	75,000	42,769,046	33,207,003	36,856,729
13. Totals (Lines 9 - 10 + 11 + 12).....	207,447,875	2,053,718,478	820,693	275,163,264	208,268,568	201,999,975

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	160,942	160,942	160,942	160,942	160,942
2. 2012.....	1,555,357	1,704,534	1,704,534	1,704,534	1,704,534
3. 2013.....	XXX	1,509,146	1,643,233	1,643,233	1,643,233
4. 2014.....	XXX	XXX	1,544,157	1,685,638	1,685,638
5. 2015.....	XXX	XXX	XXX	1,708,998	1,911,030
6. 2016.....	XXX	XXX	XXX	XXX	2,059,134

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....					
2. 2012.....	1,718,150	1,705,195	1,705,195	1,705,195	1,705,195
3. 2013.....	XXX	1,671,597	1,641,881	1,641,881	1,641,881
4. 2014.....	XXX	XXX	1,716,928	1,698,626	1,698,626
5. 2015.....	XXX	XXX	XXX	1,897,338	1,907,249
6. 2016.....	XXX	XXX	XXX	XXX	2,325,239

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	1,937,941	1,704,534	58,465	3.4	1,762,999	91.0			1,762,999	91.0
2. 2013.....	1,877,833	1,643,233	60,638	3.7	1,703,871	90.7			1,703,871	90.7
3. 2014.....	1,981,392	1,685,638	66,598	4.0	1,752,236	88.4			1,752,236	88.4
4. 2015.....	2,187,715	1,911,030	74,131	3.9	1,985,161	90.7	746	13	1,985,920	90.8
5. 2016.....	2,661,319	2,059,134	47,021	2.3	2,106,155	79.1	280,424	4,357	2,390,936	89.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	119,823	119,823	119,823	119,823	119,823
2. 2012.....	1,052,247	1,153,174	1,153,174	1,153,174	1,153,174
3. 2013.....	XXX	924,261	1,010,513	1,010,513	1,010,513
4. 2014.....	XXX	XXX	891,279	968,976	968,976
5. 2015.....	XXX	XXX	XXX	983,629	1,094,972
6. 2016.....	XXX	XXX	XXX	XXX	1,208,909

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....					
2. 2012.....	1,161,730	1,152,746	1,152,746	1,152,746	1,152,746
3. 2013.....	XXX	1,027,316	1,008,881	1,008,881	1,008,881
4. 2014.....	XXX	XXX	993,196	978,613	978,613
5. 2015.....	XXX	XXX	XXX	1,097,545	1,101,250
6. 2016.....	XXX	XXX	XXX	XXX	1,336,508

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	1,314,248	1,153,174	47,901	4.2	1,201,075	91.4			1,201,075	91.4
2. 2013.....	1,174,902	1,010,513	46,400	4.6	1,056,913	90.0			1,056,913	90.0
3. 2014.....	1,175,985	968,976	48,908	5.0	1,017,884	86.6			1,017,884	86.6
4. 2015.....	1,271,823	1,094,972	53,985	4.9	1,148,957	90.3	439	.8	1,149,404	90.4
5. 2016.....	1,567,784	1,208,909	34,801	2.9	1,243,710	79.3	173,039	2,591	1,419,340	90.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	201	201	201	201	201
2. 2012.....	6,411	7,823	7,823	7,823	7,823
3. 2013.....	XXX	8,314	9,662	9,662	9,662
4. 2014.....	XXX	XXX	10,067	11,386	11,386
5. 2015.....	XXX	XXX	XXX	12,846	15,057
6. 2016.....	XXX	XXX	XXX	XXX	16,056

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

12.MS

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....					
2. 2012.....	7,195	8,306	8,306	8,306	8,306
3. 2013.....	XXX	9,624	9,662	9,662	9,662
4. 2014.....	XXX	XXX	12,018	10,874	10,874
5. 2015.....	XXX	XXX	XXX	15,702	15,068
6. 2016.....	XXX	XXX	XXX	XXX	19,006

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	8,557	7,823	692	8.8	8,515	99.5			8,515	99.5
2. 2013.....	12,594	9,662	1,108	11.5	10,770	85.5			10,770	85.5
3. 2014.....	15,662	11,386	1,370	12.0	12,756	81.4			12,756	81.4
4. 2015.....	20,630	15,057	1,811	12.0	16,868	81.8	15		16,883	81.8
5. 2016.....	25,798	16,056	1,206	7.5	17,262	66.9	2,767	51	20,080	77.8

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....					
2. 2012.....					
3. 2013.....	.XXX				
4. 2014.....	.XXX	.XXX			
5. 2015.....	.XXX	.XXX	.XXX	.720	1,227
6. 2016.....	.XXX	.XXX	.XXX	.XXX	5,571

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....					
2. 2012.....					
3. 2013.....	.XXX				
4. 2014.....	.XXX	.XXX			
5. 2015.....	.XXX	.XXX	.XXX	.788	1,295
6. 2016.....	.XXX	.XXX	.XXX	.XXX	7,770

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....				0.0	0	0.0			0	0.0
2. 2013.....				0.0	0	0.0			0	0.0
3. 2014.....				0.0	0	0.0			0	0.0
4. 2015.....	.921	1,227		0.0	1,227	133.2	7		1,234	134.0
5. 2016.....	7,435	5,571		0.0	5,571	74.9	2,192	40	7,803	104.9

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....	40,918	40,918	40,918	40,918	40,918
2. 2012.....	496,699	543,537	543,537	543,537	543,537
3. 2013.....	XXX	576,571	623,058	623,058	623,058
4. 2014.....	XXX	XXX	642,811	705,276	705,276
5. 2015.....	XXX	XXX	XXX	711,803	799,774
6. 2016.....	XXX	XXX	XXX	XXX	828,598

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

12.XV

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior.....					
2. 2012.....	549,225	544,143	544,143	544,143	544,143
3. 2013.....	XXX	634,657	623,338	623,338	623,338
4. 2014.....	XXX	XXX	711,714	709,139	709,139
5. 2015.....	XXX	XXX	XXX	783,303	789,636
6. 2016.....	XXX	XXX	XXX	XXX	961,956

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2012.....	615,136	543,537	9,872	1.8	553,409	90.0			553,409	90.0
2. 2013.....	690,337	623,058	13,130	2.1	636,188	92.2			636,188	92.2
3. 2014.....	789,745	705,276	16,320	2.3	721,596	91.4			721,596	91.4
4. 2015.....	894,341	799,774	18,335	2.3	818,109	91.5	285	5	818,399	91.5
5. 2016.....	1,060,302	828,598	11,014	1.3	839,612	79.2	102,426	1,675	943,713	89.0

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
2. Additional policy reserves (a).....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
3. Reserve for future contingent benefits.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income.....	.....56,290,046	.....56,290,046	.....	.....	.....	.....	.....	.....	.....
5. Aggregate write-ins for other policy reserves.....	.....1,310,902	.....1,310,902	.....0	.....0	.....0	.....0	.....0	.....0	.....0
6. Totals (gross).....	.....57,600,948	.....57,600,948	.....0	.....0	.....0	.....0	.....0	.....0	.....0
7. Reinsurance ceded.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
8. Totals (net) (Page 3, Line 4).....	.....57,600,948	.....57,600,948	.....0	.....0	.....0	.....0	.....0	.....0	.....0
9. Present value of amounts not yet due on claims.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
10. Reserve for future contingent benefits.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
11. Aggregate write-ins for other claim reserves.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
12. Totals (gross).....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
13. Reinsurance ceded.....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
14. Totals (net) (Page 3, Line 7).....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

DETAILS OF WRITE-INS

0501. Cost Plus.....	.....1,310,902	.....1,310,902	.....	.....	.....	.....	.....	.....	.....
0502. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
0503. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	.....1,310,902	.....1,310,902	.....0	.....0	.....0	.....0	.....0	.....0	.....0
1101. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
1102. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
1103. ....	.....0	.....	.....	.....	.....	.....	.....	.....	.....
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

(a) Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....	744,558	768,356	1,746,973		3,259,887
2. Salaries, wages and other benefits.....	19,244,390	19,800,762	45,085,750		84,130,902
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			66,288,316		66,288,316
4. Legal fees and expenses.....	17,863	18,433	41,912		78,208
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	18,340	18,926	43,031		80,297
7. Traveling expenses.....	138,607	143,037	325,217		606,861
8. Marketing and advertising.....	1,411,568	1,456,684	4,408,693		7,276,945
9. Postage, express and telephone.....	752,078	776,115	1,764,616		3,292,809
10. Printing and office supplies.....	738,632	762,239	1,733,068		3,233,939
11. Occupancy, depreciation and amortization.....	6,056,026	6,249,586	14,209,389		26,515,001
12. Equipment.....					0
13. Cost or depreciation of EDP equipment and software.....					0
14. Outsourced services including EDP, claims, and other services.....	3,966,521	4,093,297	15,530,656		23,590,474
15. Boards, bureaus and association fees.....	127,007	131,067	297,999		556,073
16. Insurance, except on real estate.....	83,238	85,899	195,303		364,440
17. Collection and bank service charges.....	32,370	33,404	470,732		536,506
18. Group service and administration fees.....	302,361	370,733	777,228		1,450,322
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....	13,957	14,402	73,820		102,179
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....			9,594,709		9,594,709
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....			36,517,503		36,517,503
23.4 Payroll taxes.....					0
23.5 Other (excluding federal income and real estate taxes).....	24,831	25,624	820,724		871,179
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	5,876,836	6,064,669	13,788,952	0	25,730,457
26. Total expenses incurred (Lines 1 to 25).....	39,549,183	40,813,233	213,714,591	0	(a).....294,077,007
27. Less expenses unpaid December 31, current year.....	1,441,211	2,928,486	20,861,072		25,230,769
28. Add expenses unpaid December 31, prior year.....	1,505,279	2,056,456	21,916,064		25,477,799
29. Amounts receivable relating to uninsured plans, prior year.....			4,214,052		4,214,052
30. Amounts receivable relating to uninsured plans, current year.....			13,206,990		13,206,990
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	39,613,251	39,941,203	223,762,521	0	303,316,975

DETAILS OF WRITE-INS

2501. Finance Management Fee.....	622,586	642,485	1,460,788		2,725,859
2502. HR Management Fee.....	526,741	543,576	1,235,903		2,306,220
2503. IS Management Fee.....	4,519,458	4,663,907	10,604,106		19,787,471
2598. Summary of remaining write-ins for Line 25 from overflow page.....	208,051	214,701	488,155	0	910,907
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above).....	5,876,836	6,064,669	13,788,952	0	25,730,457

(a) Includes management fees of \$.....172,925,217 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....5,251,567	.....5,321,601
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....3,880,495	.....3,890,984
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....2,617,228	.....2,617,228
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....1,359,442	.....1,378,369
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....13,108,732	.....13,208,182
11. Investment expenses.....	.....	(g).....
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....1,532,375
14. Depreciation on real estate and other invested assets.....	.....	(i).....238,704
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....1,771,079
17. Net investment income (Line 10 minus Line 16).....	.....	.....11,437,103

DETAILS OF WRITE-INS

0901. ....	.....	.....
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....	.....	.....0
(a) Includes \$....465,457 accrual of discount less \$....1,747,276 amortization of premium and less \$....555,462 paid for accrued interest on purchases.		
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.		
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.		
(e) Includes \$....22,815 accrual of discount less \$....1,607,671 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.		
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.		
(h) Includes \$....1,532,375 interest on surplus notes and \$.....0 interest on capital notes.		
(i) Includes \$....238,704 depreciation on real estate and \$.....0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....810,389	.....	.....810,389	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....375,382	.....	.....375,382	.....(853)	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....3,577,918	.....	.....3,577,918	.....4,105,002	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....13,615,474	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....18,997	.....	.....18,997	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....(5,019)	.....(5,019)	.....18,317	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....4,782,686	.....(5,019)	.....4,777,667	.....17,737,940	.....0

DETAILS OF WRITE-INS

0901. ....	.....	.....	.....0	.....	.....
0902. ....	.....	.....	.....0	.....	.....
0903. ....	.....	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page...	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	836,727	1,075,430	238,703
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	836,727	1,075,430	238,703
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	4,670,709	2,446,718	(2,223,991)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....			0
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....			0
21. Furniture and equipment, including health care delivery assets.....	4,131	114,968	110,837
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....	91,899	91,899	0
24. Health care and other amounts receivable.....	18,512,121	10,429,152	(8,082,969)
25. Aggregate write-ins for other-than-invested assets.....	55,270,046	47,106,489	(8,163,557)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	79,385,633	61,264,656	(18,120,977)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	79,385,633	61,264,656	(18,120,977)

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Prepaid Expenses.....	55,270,046	47,106,489	(8,163,557)
2502.			0
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	55,270,046	47,106,489	(8,163,557)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....	247,526	286,811	288,697	291,990	291,657	3,430,799
2. Provider service organizations.....						
3. Preferred provider organizations.....						
4. Point of service.....	52,408	67,470	69,855	72,319	73,566	832,381
5. Indemnity only.....						
6. Aggregate write-ins for other lines of business.....	111,736	122,159	124,303	126,767	128,856	1,497,048
7. Total.....	411,670	476,440	482,855	491,076	494,079	5,760,228

DETAILS OF WRITE-INS

0601. Medicare Advantage.....	101,086	110,405	112,035	114,005	115,600	1,349,259
0602. Medigap.....	10,650	11,754	12,268	12,762	13,256	147,789
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	111,736	122,159	124,303	126,767	128,856	1,497,048

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services (DIFS). DIFS requires that HMOs domiciled in Michigan prepare their statutory-basis financial statements in accordance with the National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by DIFS.

	SSAP #	F/S Page	F/S Line #	2016	2015
NET INCOME					
(1) Priority Health state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ 51,092,423	\$ 91,136,353
(2) State Prescribed Practices that increase/decrease NAIC SAP					
(3) State Permitted Practices that increase/decrease NAIC SAP					
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 51,092,423	\$ 91,136,353
SURPLUS					
(5) Priority Health state basis (Page 3, line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 574,493,055	\$ 529,823,238
(6) State Prescribed Practices that increase/decrease NAIC SAP					
(7) State Permitted Practices that increase/decrease NAIC SAP					
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 574,493,055	\$ 529,823,238

B. Use of Estimates in the Preparation of the Financial Statement

The preparation of financial statements of HMOs requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

C. Accounting Policy

- (1) All short-term investments have been classified in accordance with National Association of Insurance Commissioners (NAIC) guidelines and are stated at amortized cost for financial statement disclosure.
- (2) Investments in bonds are carried at amortized cost. The cost of bonds is adjusted for amortization of premiums and discounts to maturity using a level-yield method. Realized gains and losses are determined using the specific identification method and are included in operations. The fair value of investments is determined based upon quoted market prices.
- (3) Investments in Common Stocks are reported at fair market value based upon quoted market prices.
- (4) Preferred Stocks - NOT APPLICABLE
- (5) Mortgage loans - NOT APPLICABLE
- (6) Loan-backed securities as well as other asset-backed securities are held and are reported at their amortized cost.
- (7) The Company uses the equity method to account for investment in and the continuing operations of its wholly owned subsidiaries, Priority Health Choice, Inc. and Priority Health Insurance Company, as described in SSAP 97.
- (8) The Company owns PHMB Properties, an LLC company.
- (9) Derivatives - NOT APPLICABLE
- (10) The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.
- (11) Under traditional arrangement, health care costs are recognized as expenses when services are rendered including, based on historical data, an estimate of costs incurred but not reported at the balance sheet date. Under capitation arrangements and risk-savings/sharing programs, health care costs are recognized when accruable under the providers’ respective agreements. Adjustments to previously rendered claims reserve estimates are reflected in the statement of operations in the period in which the estimates are revised. Such reserve adjustments consist of restatements of claims estimates and changes in margin associated with these estimates and could be material in the future. Given the nature of the health care costs and provider billing requirements, as defined by the participating providers’ agreements, amounts accrued at year-end are paid predominantly in the following year.
- (12) The Company has had no change in capitalization policy.
- (13) The Company estimates pharmaceutical rebate receivables based on historic collection experience and reporting provided by pharmacy benefit managers.

D. Going Concern - NONE

Note 2 – Accounting Changes and Corrections of Errors

A. Material Changes in Accounting Principles and/or Correction of Errors - NOT APPLICABLE

Note 3 – Business Combinations and Goodwill

- A. Statutory Purchase Method - NOT APPLICABLE
- B. Statutory Merger - NOT APPLICABLE
- C. Assumption Reinsurance - NOT APPLICABLE
- D. Impairment Loss - NOT APPLICABLE

Note 4 – Discontinued Operations

- A. Discontinued Operation Disposed of or Classified as Held for Sale - NOT APPLICABLE
- B. Change in Plan of Sale of Discontinued Operation - NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

- C. Nature of any Significant Continuing Involvement with Discontinued Operations After Disposal - NOT APPLICABLE
- D. Equity Interest Retained in the Discontinued Operation After Disposal - NOT APPLICABLE

Note 5 – Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans - NOT APPLICABLE
- B. Debt Restructuring - NOT APPLICABLE
- C. Reverse Mortgages - NOT APPLICABLE
- D. Loan-Backed Securities
 - (1) Prepayment assumptions for loan-backed and asset-backed securities were obtained from broker dealer survey including Bloomberg and Solomon Yield Book.
 - (2) The Company does not have securities purchased prior to January 1, 1994.
 - (3) Not Applicable.
 - (4) Not Applicable.
 - (5) The Company has applied retrospective adjustment methodology to these investments.
- E. Repurchase Agreements and/or Securities Lending Transactions - NOT APPLICABLE
- F. Real Estate - NOT APPLICABLE
- G. Investments in Low-Income Housing Trade Credits (LIHTC) - NOT APPLICABLE
- H. Restricted Assets
 - (1) Restricted Assets (Including Pledged)

	1	2	3	4	5	6	7
Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase (Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	Additional Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown							
b. Collateral held under security lending arrangements							
c. Subject to repurchase agreements							
d. Subject to reverse repurchase agreements							
e. Subject to dollar repurchase agreements							
f. Subject to dollar reverse repurchase agreements							
g. Placed under option contracts							
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock							
i. FHLB capital stock							
j. On deposit with states	1,043,786	1,049,072	(5,286)		1,043,786	0.097	0.104
k. On deposit with other regulatory bodies							
l. Pledged as collateral to FHLB (including assets backing funding agreements)							
m. Pledged as collateral not captured in other categories							
n. Other restricted assets							
o. Total Restricted Assets	\$ 1,043,786	\$ 1,049,072	\$ (5,286)	\$	\$ 1,043,786	\$ 0.097	\$ 0.104

- (a) Column 1 divided by Asset Page, Column 1, Line 28
- (b) Column 5 divided by Asset Page, Column 1, Line 28

- (2) Detail of Assets Pledged as Collateral Not Captured in Other Categories - NOT APPLICABLE
- (3) Detail of Other Restricted Assets - NOT APPLICABLE
- (4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements - NOT APPLICABLE
- I. Working Capital Finance Investments - NOT APPLICABLE
- J. Offsetting and Netting of Assets and Liabilities - NOT APPLICABLE
- K. Structured Notes - NOT APPLICABLE
- L. 5* Securities - NOT APPLICABLE

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

The Company has no Joint Ventures, Partnerships, or Limited Liability Companies to Report.

Note 7 – Investment Income

NOTES TO FINANCIAL STATEMENTS

This note is not applicable to the Company as no income due is past its due date and no investment income was non-admitted.

Note 8 – Derivative Instruments

This note is Not Applicable to the Company.

Note 9 – Income Taxes

The Company is exempt from federal income taxes as an organization described under Internal Revenue Code Section 501(c)(4). Therefore, income tax expense has not been recorded.

Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A, B, C, D, E, F, G

The Company has a management contract with Priority Health Managed Benefits, Inc. (PHMB), an organization related to the Company through common ownership, to provide certain management services. The management fee incurred by the Company was \$172,925,000 in 2016 and \$149,691,000 in 2015, respectively.

Premium revenues recognized from related organizations were approximately \$235,864,000 and \$211,164,000 during 2016 and 2015, respectively. Health care costs approximating \$452,947,000 during 2016 and \$378,687,000 in 2015 were provided to plan members by related organizations.

Amounts due from affiliates were \$17,027,000 at December 31, 2016, and \$15,561,000 at December 31, 2015, and relate primarily to pharmacy claims paid on behalf of affiliates. Amounts due to affiliates were \$28,502,000 at December 31, 2016, and \$29,171,000 at December 31, 2015, and relate primarily to premium receipts collected on behalf of Priority Health Insurance Company and management fees payable to PHMB.

- H. Ownership in Upstream Affiliate or Parent - NOT APPLICABLE
- I. Investments in SCA Entities Exceeding 10% of Admitted Assets - NOT APPLICABLE
- J. Investments in Impaired SCA Entities - NOT APPLICABLE
- K. Investments in Impaired SCA Entities - NOT APPLICABLE
- L. Investment in Downstream Noninsurance Holding Company - NOT APPLICABLE
- M. All SCA Investments - NOT APPLICABLE
- N. Investment in Insurance SCAs - NOT APPLICABLE

Note 11 – Debt

- A. Debt, including Capital Notes and Reverse Repurchase Agreements

In 2008, the Company obtained a \$10,000,000 line of credit from Spectrum Health, its parent company, which was outstanding at December 31, 2016 and 2015. The line of credit requires interest be paid in installments and matures in September 2019. This line of credit bears interest at a floating rate based on one-month LIBOR plus 65 basis points (1.41% at December 31, 2016).

- B. FHLB (Federal Home Loan Bank) Agreements - NOT APPLICABLE

Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan - NOT APPLICABLE
- B. Investment Policies and Strategies - NOT APPLICABLE
- C. Fair Value of Plan Assets - NOT APPLICABLE
- D. Basis Used to Determine Expected Long-Term Rate-of-Return - NOT APPLICABLE
- E. Defined Contribution Plans - NOT APPLICABLE
- F. Multiemployer Plans - NOT APPLICABLE
- G. Consolidated/Holding Company Plans - NOT APPLICABLE
- H. Postemployment Benefits and Compensated Absences - NOT APPLICABLE
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - NOT APPLICABLE

Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 10,000--Class A and 60,000--Class B authorized shares of common stock. Of these shares, 8,524 are issued and outstanding (8,000--Class A, 524--Class B).
- (2) Preferred Stock - NOT APPLICABLE
- (3) Dividend Restrictions - NOT APPLICABLE
- (4) All stock is non-dividend bearing

NOTES TO FINANCIAL STATEMENTS

- (5) There were not restrictions placed on the Plan's surplus.
- (6) Restrictions on Unassigned Funds (Surplus) - NOT APPLICABLE
- (7) Advances to Surplus not Repaid - NOT APPLICABLE
- (8) Stock Held for Special Purposes - NOT APPLICABLE
- (9) Special Surplus Funds Changes - NOT APPLICABLE
- (10) The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses is: \$17,737,940
- (11) The reporting entity issued the following surplus debentures or similar obligations:

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note*	Principal and/or Interest Paid Current Year	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity
12/08/2006	6.000 %	\$ 6,000,000	\$ 6,000,000	\$ 360,000	\$ 2,880,000	\$ 360,000	
12/08/2006	6.000	6,000,000	6,000,000	360,000	2,880,000	360,000	
12/08/2006	6.000	6,000,000	6,000,000	360,000	2,880,000	360,000	

* Total should agree with Page 3, Line 33.

The Surplus Notes listed above were issued to Spectrum Health Corporation.

The Surplus Notes have the following repayment conditions and restrictions: Payment of interest and principal, if any, shall be paid annually from earned surplus. Repayment of such amounts will be subject to the approval of the Board of Directors of Priority Health and prior written approval by the State of Michigan's Department of Insurance and Financial Services.

The Surplus Notes have the following subordination terms: The payment of principal and interest is expressly subordinated to claims of creditors and members of Priority Health and any other priority claims provided by Chapter 81 of the Insurance Code, which provides that surplus notes are at the eighth level of priority.

The liquidation preferences to the insurer's shareholders are as follows: If Priority Health is dissolved and there are insufficient assets to pay in full the principal amount of and interest on all outstanding surplus notes, then Priority Health shall pay on all surplus notes pro rata on the basis of the outstanding principal amount of each surplus note and the interest accrued thereon. Regardless of the issuance date of these Surplus Notes or any other surplus note of Priority Health, these Surplus Notes shall be of equal rank with any other surplus note or series of surplus notes.

- (12) The impact of any restatement due to prior quasi-reorganizations is as follows - NOT APPLICABLE
- (13) The effective dates of all quasi-reorganizations in the prior 10 years are - NOT APPLICABLE

Note 14 – Liabilities, Contingencies and Assessments

- A. Contingent Commitments
- The Company has committed to its wholly owned subsidiaries, Priority Health Insurance Company, Inc. and Priority Health Choice, Inc., to provide additional capital as needed in order for this subsidiary to meet capital requirements as mandated by the regulating authority.
- B. Assessments - NOT APPLICABLE
- C. Gain Contingencies - NOT APPLICABLE
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - NOT APPLICABLE
- E. Joint and Several Liabilities - NOT APPLICABLE
- F. All Other Contingencies

Note 15 – Leases

This note is not applicable to the Company.

Note 16 – Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

This note is not applicable to the Company.

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

This note is not applicable to the Company.

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Portion of Partially Insured Plans

This note is not applicable to the Company.

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

This note is not applicable to the Company.

Note 20 – Fair Value Measurements

- A. The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (now codified under FASB Accounting

NOTES TO FINANCIAL STATEMENTS

Standards Codification 820, *Fair Value Measurements and Disclosures*). The hierarchy gives the highest ranking to fair values determined using unadjusted quoting prices in active markets for identical assets and liabilities (Level 1) and the lowers ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2: Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3: Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

The following table summarizes the valuation of the Company's financial instruments by the above pricing categories:

(1) Fair Value Measurements at Reporting Date

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Common Stock	\$ 103,758,718	\$	\$	\$ 103,758,718
Total	\$ 103,758,718	\$	\$	\$ 103,758,718

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy - NOT APPLICABLE

- B. Other Fair Value Information - NOT APPLICABLE
- C. Transfers Between Levels - NOT APPLICABLE
- D. Not Practicable to Estimate Fair Value - NOT APPLICABLE

Note 21 – Other Items

- A. Unusual or Infrequent Items - NOT APPLICABLE
- B. Troubled Debt Restructuring Debtors - NOT APPLICABLE
- C. Other Disclosures - NOT APPLICABLE
- D. Business Interruption Insurance Recoveries - NOT APPLICABLE
- E. State Transferable and Non-Transferable Tax Credits - NOT APPLICABLE
- F. Subprime Mortgage Related Risk Exposure - NOT APPLICABLE
- G. Retained Assets - NOT APPLICABLE
- H. Insurance-Linked Securities (ILS) Contracts - NOT APPLICABLE

Note 22 – Events Subsequent

A.	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?		Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
B.	ACA fee assessment payable for the upcoming year	\$	\$	17,874,000	
C.	ACA fee assessment paid	19,056,226		18,499,067	
D.	Premium written subject to ACA 9010 assessment	2,641,407,555		2,167,366,113	
E.	Total adjusted capital before surplus adjustment (Five-Year Historical Line 14)	574,493,055			
F.	Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	574,493,055			
G.	Authorized control level (Five-Year Historical Line 15)	\$ 115,136,848			
H.	Would reporting the ACA assessment as of December 31, 2016 have triggered an RBC action level (YES/NO)?			Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Note 23 – Reinsurance

- A. Ceded Reinsurance Report - NOT APPLICABLE
- B. Uncollectible Reinsurance - NOT APPLICABLE
- C. Commutation of Ceded Reinsurance - NOT APPLICABLE
- D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation - NOT APPLICABLE

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. Written premiums for the Company's Medicare Advantage product are subject to retrospective adjustments. The Company estimates accrued retrospective premiums based on a risk corridor calculation as defined by the CMS. The Company also estimates accrued retrospective premium adjustments for its group health insurance business based on the financial experience of the policyholder with a charge for administrative expenses.
- B. The Company records accrued retrospective premium as an adjustment of earned premium.
- C. The amount of net premiums written by the Company at December 31, 2016, that are subject to retrospective rating features was \$1,063,437,000, representing 39.9% of the total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.

NOTES TO FINANCIAL STATEMENTS

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act - NOT APPLICABLE

E. Risk Sharing Provisions of the Affordable Care Act

(1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions Yes [X] No []

(2) Impact of Risk Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year:

a.	Permanent ACA Risk Adjustment Program		AMOUNT
	Assets		
1.	Premium adjustments receivable due to ACA Risk Adjustment	\$	
	Liabilities		
2.	Risk adjustment user fees payable for ACA Risk Adjustment		189,000
3.	Premium adjustments payable due to ACA Risk Adjustment		56,290,000
	Operations (Revenue & Expenses)		
4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment		45,729,000
5.	Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	\$	185,000
b.	Transitional ACA Reinsurance Program		
	Assets		
1.	Amounts recoverable for claims paid due to ACA Reinsurance	\$	15,461,000
2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)		
3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance		
	Liabilities		
4.	Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium		
5.	Ceded reinsurance premiums payable due to ACA Reinsurance		7,879,000
6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$	1,741,000
	Operations (Revenue & Expenses)		
7.	Ceded reinsurance premiums due to ACA Reinsurance	\$	1,741,000
8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments		15,319,000
9.	ACA Reinsurance contributions – not reported as ceded premium	\$	7,879,000
c.	Temporary ACA Risk Corridors Program		
	Assets		
1.	Accrued retrospective premium due to ACA Risk Corridors	\$	
	Liabilities		
2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors		
	Operations (Revenue & Expenses)		
3.	Effect of ACA Risk Corridors on net premium income (paid/received)		2,000
4.	Effect of ACA Risk Corridors on change in reserves for rate credits	\$	

(3) Roll forward of prior year ACA Risk Sharing Provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance:

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
					5	6	7	8		9	10
	1	2	3	4	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a.	Permanent ACA Risk Adjustment Program										
1.	Premium adjustments receivable	\$	\$	\$	\$	\$	\$	\$	A	\$	\$
2.	Premium adjustments (payable)		40,722,000		30,168,000	10,554,000		(10,554,000)	B		
3.	Subtotal ACA Permanent Risk Adjustment Program	\$	\$ 40,722,000	\$	\$ 30,168,000	\$ 10,554,000	\$	\$ (10,554,000)		\$	\$
b.	Transitional ACA Reinsurance Program										
1.	Amounts recoverable for claims paid	\$ 13,561,000	\$	\$ 12,631,000	\$	930,000	\$	619,000	\$	C	\$ 1,549,000
2.	Amounts recoverable for claims unpaid (contra liability)									D	
3.	Amounts receivable relating to uninsured plans									E	
4.	Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premiums		11,351,000		11,351,000					F	
5.	Ceded reinsurance premiums payable		1,430,000		1,430,000					G	
6.	Liability for amounts held under uninsured plans									H	
7.	Subtotal ACA Transitional Reinsurance Program	\$ 13,561,000	\$ 12,781,000	\$ 12,631,000	\$ 12,781,000	\$ 930,000	\$	619,000	\$	\$ 1,549,000	\$
c.	Temporary ACA Risk Corridors Program										
1.	Accrued retrospective premium	\$ 14,000	\$	\$ 6,000	\$	8,000	\$	(8,000)	\$	I	\$
2.	Reserve for rate credits or policy experience rating									J	

NOTES TO FINANCIAL STATEMENTS

	refunds											
3.	Subtotal ACA Risk Corridors Program	14,000		6,000		8,000		(8,000)				
d.	Total for ACA Risk Sharing Provisions	\$ 13,575,000	\$ 53,503,000	\$ 12,637,000	\$ 42,949,000	\$ 938,000	\$ 10,554,000	\$ 611,000	\$ (10,554,000)		\$ 1,549,000	\$

- Explanations of Adjustments
- A.
- B. difference between est and actual
- C. difference between est and actual
- D.
- E.
- F.
- G.
- H.
- I. difference between est and actual
- J.

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

		Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date												
						Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)											
1		2		3		4		5		6		7		8		9		10				
Receivable		(Payable)		Receivable		(Payable)		Receivable		(Payable)		Receivable		(Payable)		Ref		Receivable		(Payable)		
a.	2014																					
	1.	Accrued retrospective premium	\$		\$	45,000	\$		\$	(45,000)	\$		\$	45,000	\$		A	\$		\$		
	2.	Reserve for rate credits for policy experience rating refunds															B					
b.	2015																					
	1.	Accrued retrospective premium	\$	14,000	\$		\$	6,000	\$		\$	8,000	\$		\$	(8,000)	\$		C	\$		\$
	2.	Reserve for rate credits for policy experience rating refunds																D				
c.	2016																					
	1.	Accrued retrospective premium	\$		\$		\$	10,000	\$		\$	(10,000)	\$		\$	10,000	\$		E	\$		\$
	2.	Reserve for rate credits or policy experience rating refunds																F				
d.	Total for Risk Corridors		\$	14,000	\$		\$	61,000	\$		\$	(47,000)	\$		\$	47,000	\$			\$		\$

- A. difference between est and actual
- B.
- C. concern over collectability
- D.
- E. concern over collectability
- F.

(5) ACA Risk Corridors Receivable as of Reporting Date

	1 Estimated Amount to be Filed or Final Amount Filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts Received from CMS	4 Asset Balance (Gross of Non-Admissions) (1-2-3)	5 Non-Admitted Amount	5 Net Admitted Asset (4-5)
a. 2014	\$ 465,000	\$ 404,000	\$ 61,000	\$	\$	\$
b. 2015	\$ 14,346,000	\$ 14,346,000	\$	\$	\$	\$
c. 2016	\$ 38,763,000	\$ 38,763,000	\$	\$	\$	\$
d. Total (a+b+c)	\$ 53,574,000	\$ 53,513,000	\$ 61,000	\$	\$	\$

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

Adjustments to previously rendered claims reserve estimates are reflected in the statement of operations in the period in which the estimates are revised. Such reserve adjustments consist of restatements of claim estimates and release of any margin associated with these estimates. Reserve adjustments were unfavorable by approximately \$9,918,000 million in 2016, increasing the prior year-end claim reserve estimates of \$192,859,000 to \$202,777,000 million.

Note 26 – Intercompany Pooling Arrangements

This note is Not Applicable to the Company.

Note 27 – Structured Settlements

This note is Not Applicable to the Company.

Note 28 – Health Care Receivables

- A. Pharmaceutical Rebate Receivables

The Company’s method for estimating pharmacy rebates relies on the information provided by pharmacy benefit managers for invoiced rebates. The Company collects a portion of rebates for its subsidiary companies. These are included in the Company’s amounts due to affiliates.

Pharmacy rebates as of the end of each quarter for the three years ended December 31, 2016, 2015 and 2014 are as follows:

NOTES TO FINANCIAL STATEMENTS

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days After Billing
12/31/2016	\$ 19,037,502	\$	\$	\$	\$
09/30/2016	18,777,096		5,926,052	2,660,347	
06/30/2016	18,194,696		5,832,098	4,661,928	352,449
03/31/2016	19,223,012		6,448,616	4,767,725	104,225
12/31/2015	15,927,463		5,922,132	4,797,699	2,598,770
09/30/2015	15,412,756		5,721,048	5,446,657	1,789,637
06/30/2015	14,282,591		7,170,334	3,012,251	2,233,649
03/31/2015	10,599,000		3,798,614	4,781,453	2,107,644
12/31/2014	9,270,333		7,246,924	749,807	5,325
09/30/2014	8,646,482		6,502,080	678,991	481,270
06/30/2014	7,702,000		5,518,336	1,557,649	276,623
03/31/2014	7,176,000		5,951,792	283,254	836,863

B. Risk Sharing Receivables - NOT APPLICABLE

Note 29 – Participating Policies

This note is Not Applicable to the Company.

Note 30 – Premium Deficiency Reserves

The Company recorded no premium deficiency reserve in the 2016 and 2015 financial statements.

Note 31 – Anticipated Salvage and Subrogation

This note is Not Applicable to the Company.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes [X] No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []

1.3

State regulating? Michigan

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2013

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity.
This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2013

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

03/03/2015

3.4

By what department or departments?
State of Michigan Department of Insurance and Financial Services

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes [] No [] N/A [X]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [] No [] N/A [X]

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes [] No [X]

4.12

renewals?

Yes [] No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes [] No [X]

4.22

renewals?

Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]

5.2

If yes, provide the name of entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2

If yes,

7.21

State the percentage of foreign control

%

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1	2
Nationality	Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board?

Yes [] No [X]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

8.4

If the response to 8.3 is yes, please provide below the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young LLP, 171 Monroe Ave., Grand Rapids, MI 49503

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [] No [X]

10.2

If the response to 10.1 is yes, provide information related to this exemption:

10.3

Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]

10.4

If the response to 10.3 is yes, provide information related to this exemption:

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [X] No [] N/A []

10.6

If the response to 10.5 is no or n/a, please explain:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Ernst & Young LLP, Insurance & Actuarial Advisory Services, 5 Times Square, New York, NY 10036
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes ☒ No ☐

12.11

Name of real estate holding company PHMB Properties, LLC

12.12

Number of parcels involved

1

12.13

Total book/adjusted carrying value

\$

0

12.2

If yes, provide explanation
Occupied building owned by a wholly-owned subsidiary

13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes ☐ No ☐

13.3

Have there been any changes made to any of the trust indentures during the year?

Yes ☐ No ☐

13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes ☐ No ☐ N/A ☐

14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes ☒ No ☐

(a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c)

Compliance with applicable governmental laws, rules and regulations;

(d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e)

Accountability for adherence to the code.

14.11

If the response to 14.1 is no, please explain:

14.2

Has the code of ethics for senior managers been amended?

Yes ☐ No ☒

14.21

If the response to 14.2 is yes, provide information related to amendment(s).

14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes ☐ No ☒

14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1

Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes ☐ No ☒

15.2

If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

BOARD OF DIRECTORS

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof?

Yes ☒ No ☐

17.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes ☒ No ☐

18.

Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes ☒ No ☐

FINANCIAL

19.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes ☐ No ☒

20.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11

To directors or other officers

\$

0

20.12

To stockholders not officers

\$

0

20.13

Trustees, supreme or grand (Fraternal only)

\$

0

20.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21

To directors or other officers

\$

0

20.22

To stockholders not officers

\$

0

20.23

Trustees, supreme or grand (Fraternal only)

\$

0

21.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement?

Yes ☐ No ☒

21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Rented from others

\$

21.22

Borrowed from others

\$

21.23

Leased from others

\$

21.24

Other

\$

22.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes ☐ No ☒

22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

\$

22.22

Amount paid as expenses

\$

22.23

Other amounts paid

\$

23.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes ☐ No ☒

23.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$

0

27.1

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

24.01

Were all of stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?

Yes ☐ No ☒

24.02

If no, give full and complete information, relating thereto:
Priority Health had exclusive control over the securities, however, a third party, Mellon Bank, had actual possession of the securities.

24.03

For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

24.04

Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*?

Yes ☐ No ☐ N/A ☒

24.05

If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$

24.06

If answer to 24.04 is no, report amount of collateral for other programs

\$

24.07

Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes ☐ No ☐ N/A ☒

24.08

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes ☐ No ☐ N/A ☒

24.09

Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes ☐ No ☐ N/A ☒

24.10

For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101

Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:

\$0

24.102

Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:

\$0

24.103

Total payable for securities lending reported on the liability page:

\$0

25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.)

Yes ☒ No ☐

25.2

If yes, state the amount thereof at December 31 of the current year:

25.21

Subject to repurchase agreements

\$0

25.22

Subject to reverse repurchase agreements

\$0

25.23

Subject to dollar repurchase agreements

\$0

25.24

Subject to reverse dollar repurchase agreements

\$0

25.25

Placed under option agreements

\$0

25.26

Letter stock or securities restricted as sale – excluding FHLB Capital Stock

\$0

25.27

FHLB Capital Stock

\$0

25.28

On deposit with states

\$1,043,786

25.29

On deposit with other regulatory bodies

\$0

25.30

Pledged as collateral – excluding collateral pledged to an FHLB

\$0

25.31

Pledged as collateral to FHLB – including assets backing funding agreements

\$0

25.32

Other

\$0

25.3

For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		\$

26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes ☐ No ☒

26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes ☐ No ☐ N/A ☒

27.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes ☐ No ☒

27.2

If yes, state the amount thereof at December 31 of the current year:

\$

28.

Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes ☒ No ☐

28.01

For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Mellon Trust	Pittsburgh, PA

28.02

For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03

Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes ☐ No ☒

28.04

If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05

Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "... handle securities"].

1 Name of Firm or Individual	2 Affiliation
BlackRock	U
Prime Advisor	U

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

JP Morgan	U
Seix Advisors	U

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?

Yes [X] No []

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?

Yes [] No [X]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed
N/A	BlackRock	549300LVXYIVJKE13M84	SEC	NO
N/A	Prime Advisors	N/A	SEC	NO
N/A	JP Morgan	549300W78QHV4XMM6K69	SEC	NO
N/A	Seix Advisors	549300L7I4W19C7JV575	SEC	NO

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [X] No []

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
233203 58 7	DFA EMERGING MRKTS VALUE	5,751,866
233203 62 9	DFA INTERNATIONAL	12,146,619
921943 88 2	VANGUARD DEV MKTS INDEX FUND	23,040,308
922031 74 5	VANGUARD INFLATION PROTECTED FUND	11,792,667
922040 10 0	VANGUARD INSTL INDEX FUND	22,570,555
922042 60 1	VANGUARD EMERGING MKT STK INDEX	5,813,668
922908 83 5	VANGUARD MID CAP INDEX	11,313,269
922908 87 6	VANGUARD SMALL CAP INDEX FUND	11,329,768
29.2999	TOTAL	103,758,720

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
DFA EMERGING MRKTS VALUE	China Construction Bank	189,812	12/30/2016
DFA INTERNATIONAL	S+p500 Emini Fut	60,733	12/30/2016
VANGUARD DEV MKTS INDEX FUND	Nestle SA	322,564	12/30/2016
VANGUARD INFLATION PROTECTED FUND	US Treasuries / Agencies	11,769,082	12/30/2016
VANGUARD INSTL INDEX FUND	Apple Inc.	722,258	12/30/2016
VANGUARD EMERGING MKT STK INDEX	Tencent Holdings Ltd	186,037	12/31/2016
VANGUARD MID CAP INDEX	Equinix Inc	90,506	12/30/2016
VANGUARD SMALL CAP INDEX FUND	Targa Resources Corp	33,989	12/30/2016

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	665,661,937	666,981,977	1,320,040
30.2	Preferred Stocks	0	0	0
30.3	Totals	665,661,937	666,981,977	1,320,040

30.4 Describe the sources or methods utilized in determining the fair values:

Pricing services and brokers

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [X] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed?

Yes [X] No []

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$ 274,763

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
-----------	------------------

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

	Alliance of Community Health Plans	\$	169,292
34.1	Amount of payments for legal expenses, if any?	\$	64,264
34.2	List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.		
	1 Name	2 Amount Paid	
	Miller, Johnson, Snell & Cummiskey, P.L.C	\$	26,662
35.1	Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?	\$	253,607
35.2	List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.		
	1 Name	2 Amount Paid	
	Hooper Lundy & Bookman PLC	\$	74,817
	Alliance of Community Health Plans		91,159

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?		Yes [X]	No []
1.2	If yes, indicate premium earned on U.S. business only.	\$	25,797,883	
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$	0	
1.31	Reason for excluding:			
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$	0	
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$	18,905,422	
1.6	Individual policies:			
	Most current three years:			
1.61	Total premium earned	\$	25,797,883	
1.62	Total incurred claims	\$	18,905,422	
1.63	Number of covered lives	\$	13,256	
	All years prior to most current three years:			
1.64	Total premium earned	\$	0	
1.65	Total incurred claims	\$	0	
1.66	Number of covered lives	\$	0	
1.7	Group policies:			
	Most current three years:			
1.71	Total premium earned	\$	0	
1.72	Total incurred claims	\$	0	
1.73	Number of covered lives	\$	0	
	All years prior to most current three years:			
1.74	Total premium earned	\$	0	
1.75	Total incurred claims	\$	0	
1.76	Number of covered lives	\$	0	
2.	Health Test:			
		1 Current Year	2 Prior Year	
2.1	Premium Numerator	\$ 2,664,498,133	\$ 2,187,715,855	
2.2	Premium Denominator	\$ 2,664,498,133	\$ 2,187,715,855	
2.3	Premium Ratio (2.1/2.2)	\$ 100.000	\$ 100.000	
2.4	Reserve Numerator	\$ 338,770,865	\$ 270,437,485	
2.5	Reserve Denominator	\$ 338,770,865	\$ 270,437,485	
2.6	Reserve Ratio (2.4/2.5)	\$ 100.000	\$ 100.000	
3.1	Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?		Yes []	No [X]
3.2	If yes, give particulars:			
4.1	Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?		Yes [X]	No []
4.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?		Yes []	No [X]
5.1	Does the reporting entity have stop-loss reinsurance?		Yes [X]	No []
5.2	If no, explain:			
5.3	Maximum retained risk (see instructions)			
5.31	Comprehensive Medical	\$	1,250,000	
5.32	Medical Only	\$	1,250,000	
5.33	Medicare Supplement	\$	0	
5.34	Dental and Vision	\$	0	
5.35	Other Limited Benefit Plan	\$	0	
5.36	Other	\$	0	
6.	Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:			
	<u>HMO holds harmless provisions of provider contracts, trust indentures.</u>			

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

17,501

8.2

Number of providers at end of reporting year

17,931

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees with rate guarantees between 15-36 months

\$ 0

9.22

Business with rate guarantees over 36 months

\$ 0

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [X] No []

10.2

If yes:

10.21

Maximum amount payable bonuses

\$ 38,164,269

10.22

Amount actually paid for year bonuses

\$ 30,515,539

10.23

Maximum amount payable withholds

\$ 4,749,098

10.24

Amount actually paid for year withholds

\$ 2,566,464

11.1

Is the reporting entity organized as:

11.12

A Medical Group/Staff Model,

Yes [] No [X]

11.13

An Individual Practice Association (IPA), or,

Yes [X] No []

11.14

A Mixed Model (combination of above)?

Yes [] No [X]

11.2

Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes [X] No []

11.3

If yes, show the name of the state requiring such minimum capital and surplus.
Michigan

11.4

If yes, show the amount required.

\$ 230,273,695

11.5

Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [] No [X]

11.6

If the amount is calculated, show the calculation
200% ACL

12.

List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Alcona
Allegan
Alpena
Antrim
Armenac
Barry
Bay
Benzie
Berrien
Branch
Calhoun
Cass
Charlevoix
Cheboygan
Clare
Clinton
Crawford
Eaton
Emmet
Genesee
Gladwin
Grand Traverse
Gratiot
Hillsdale
Huron
Ingham
Ionia
Iosco
Isabella
Jackson
Kalamazoo
Kalkaska
Kent

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

Lake
Lapeer
Leelanau
Lenawee
Livingston
Mackinac
Macomb
Manistee
Mason
Mecosta
Midland
Missaukee
Monroe
Montcalm
Montmorency
Muskegon
Newaygo
Oakland
Oceana
Ogemaw
Osceola
Oscoda
Otsego
Ottawa
Presque Isle
Roscommon
Saginaw
St. Clair
St. Joseph
Sanilac
Shiawassee
Tuscola
Van Buren
Washtenaw
Wayne
Wexford

- 13.1

Do you act as a custodian for health savings accounts?

Yes [☐] No [☒ X]
- 13.2

If yes, please provide the amount of custodial funds held as of the reporting date.

\$

0
- 13.3

Do you act as an administrator for health savings accounts?

Yes [☐] No [☒ X]
- 13.4

If yes, please provide the balance of the funds administered as of the reporting date.

\$

0
- 14.1

Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers?

Yes [☐] No [☒ X] N/A [☐]
- 14.2

If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
	0		\$	\$	\$	\$

15.

Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).
- 15.1

Direct Premium Written

\$

0
- 15.2

Total Incurred Claims

\$

0
- 15.3

Number of Covered Lives

0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary guarantee)
Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

FIVE-YEAR HISTORICAL DATA

	1 2016	2 2015	3 2014	4 2013	5 2012
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28).....	1,000,440,084	910,166,675	746,617,766	624,033,703	542,530,228
2. Total liabilities (Page 3, Line 24).....	425,947,028	380,343,437	276,029,628	229,175,225	235,315,651
3. Statutory minimum capital and surplus requirement.....	230,273,695	189,361,980	166,396,840	157,657,790	161,040,584
4. Total capital and surplus (Page 3, Line 33).....	574,493,055	529,823,239	470,588,138	394,858,478	307,214,576
Income Statement Items (Page 4)					
5. Total revenues (Line 8).....	2,663,150,099	2,187,669,445	1,984,557,980	1,878,212,653	1,936,844,575
6. Total medical and hospital expenses (Line 18).....	2,335,150,339	1,879,035,784	1,687,211,218	1,658,641,541	1,719,197,050
7. Claims adjustment expenses (Line 20).....	80,362,416	70,955,130	64,198,032	57,303,430	58,458,603
8. Total administrative expenses (Line 21).....	213,714,591	179,838,102	151,097,550	114,014,475	111,948,431
9. Net underwriting gain (loss) (Line 24).....	33,922,753	57,840,429	82,051,180	48,253,207	47,240,491
10. Net investment gain (loss) (Line 27).....	16,214,770	28,267,381	7,027,093	7,385,767	9,458,856
11. Total other income (Lines 28 plus 29).....	954,900	5,028,543	2,299,119	2,979,116	3,971,497
12. Net income or (loss) (Line 32).....	51,092,423	91,136,353	91,377,392	58,618,090	60,670,844
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	34,423,850	170,710,168	94,419,944	60,659,145	67,632,059
Risk-Based Capital Analysis					
14. Total adjusted capital.....	574,493,055	529,823,239	470,588,138	394,858,478	307,214,576
15. Authorized control level risk-based capital.....	115,136,848	94,680,990	83,198,420	78,828,895	80,520,292
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7).....	494,079	411,670	363,036	362,130	398,123
17. Total member months (Column 6, Line 7).....	5,760,228	4,799,342	4,358,026	4,353,085	4,858,476
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19).....	87.7	86.0	85.1	88.4	88.8
20. Cost containment expenses.....	1.5	1.4	1.3	1.2	1.3
21. Other claims adjustment expenses.....	1.5	1.9	1.9	1.8	1.7
22. Total underwriting deductions (Line 23).....	98.8	97.4	95.9	97.5	97.6
23. Total underwriting gain (loss) (Line 24).....	1.3	2.6	4.1	2.6	2.4
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5).....	208,268,568	155,217,753	134,837,263	151,279,909	162,383,315
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	201,999,975	173,520,374	164,552,893	164,234,799	161,336,453
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....	103,096,449	89,480,975	89,223,821	74,977,259	60,596,334
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....					
32. Total of above Lines 26 to 31.....	103,096,449	89,480,975	89,223,821	74,977,259	60,596,334
33. Total investment in parent included in Lines 26 to 31 above.....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [☐] No [☐]

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	Direct Business Only						
			2	3	4	5	6	7	8
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7
1.	Alabama.....AL	..N.....							.....0
2.	Alaska.....AK	..N.....							.....0
3.	Arizona.....AZ	..N.....							.....0
4.	Arkansas.....AR	..N.....							.....0
5.	California.....CA	..N.....							.....0
6.	Colorado.....CO	..N.....							.....0
7.	Connecticut.....CT	..N.....							.....0
8.	Delaware.....DE	..N.....							.....0
9.	District of Columbia.....DC	..N.....							.....0
10.	Florida.....FL	..N.....							.....0
11.	Georgia.....GA	..N.....							.....0
12.	Hawaii.....HI	..N.....							.....0
13.	Idaho.....ID	..N.....							.....0
14.	Illinois.....IL	..N.....							.....0
15.	Indiana.....IN	..N.....							.....0
16.	Iowa.....IA	..N.....							.....0
17.	Kansas.....KS	..N.....							.....0
18.	Kentucky.....KY	..N.....							.....0
19.	Louisiana.....LA	..N.....							.....0
20.	Maine.....ME	..N.....							.....0
21.	Maryland.....MD	..N.....							.....0
22.	Massachusetts.....MA	..N.....							.....0
23.	Michigan.....MI	..L.....	..1,596,333,352	..1,063,437,303		.....7,434,783			..2,667,205,438
24.	Minnesota.....MN	..N.....							.....0
25.	Mississippi.....MS	..N.....							.....0
26.	Missouri.....MO	..N.....							.....0
27.	Montana.....MT	..N.....							.....0
28.	Nebraska.....NE	..N.....							.....0
29.	Nevada.....NV	..N.....							.....0
30.	New Hampshire.....NH	..N.....							.....0
31.	New Jersey.....NJ	..N.....							.....0
32.	New Mexico.....NM	..N.....							.....0
33.	New York.....NY	..N.....							.....0
34.	North Carolina.....NC	..N.....							.....0
35.	North Dakota.....ND	..N.....							.....0
36.	Ohio.....OH	..N.....							.....0
37.	Oklahoma.....OK	..N.....							.....0
38.	Oregon.....OR	..N.....							.....0
39.	Pennsylvania.....PA	..N.....							.....0
40.	Rhode Island.....RI	..N.....							.....0
41.	South Carolina.....SC	..N.....							.....0
42.	South Dakota.....SD	..N.....							.....0
43.	Tennessee.....TN	..N.....							.....0
44.	Texas.....TX	..N.....							.....0
45.	Utah.....UT	..N.....							.....0
46.	Vermont.....VT	..N.....							.....0
47.	Virginia.....VA	..N.....							.....0
48.	Washington.....WA	..N.....							.....0
49.	West Virginia.....WV	..N.....							.....0
50.	Wisconsin.....WI	..N.....							.....0
51.	Wyoming.....WY	..N.....							.....0
52.	American Samoa.....AS	..N.....							.....0
53.	Guam.....GU	..N.....							.....0
54.	Puerto Rico.....PR	..N.....							.....0
55.	U.S. Virgin Islands.....VI	..N.....							.....0
56.	Northern Mariana Islands.....MP	..N.....							.....0
57.	Canada.....CAN	..N.....							.....0
58.	Aggregate Other alien.....OT	....XXX..	.....0	.....0	.....0	.....0	.....0	.....0	.....0
59.	Subtotal.....	....XXX..	..1,596,333,352	..1,063,437,303	.....0	.....7,434,783	.....0	.....0	..2,667,205,438
60.	Reporting entity contributions for Employee Benefit Plans.....	....XXX..							.....0
61.	Total (Direct Business).....	(a).....1	..1,596,333,352	..1,063,437,303	.....0	.....7,434,783	.....0	.....0	..2,667,205,438

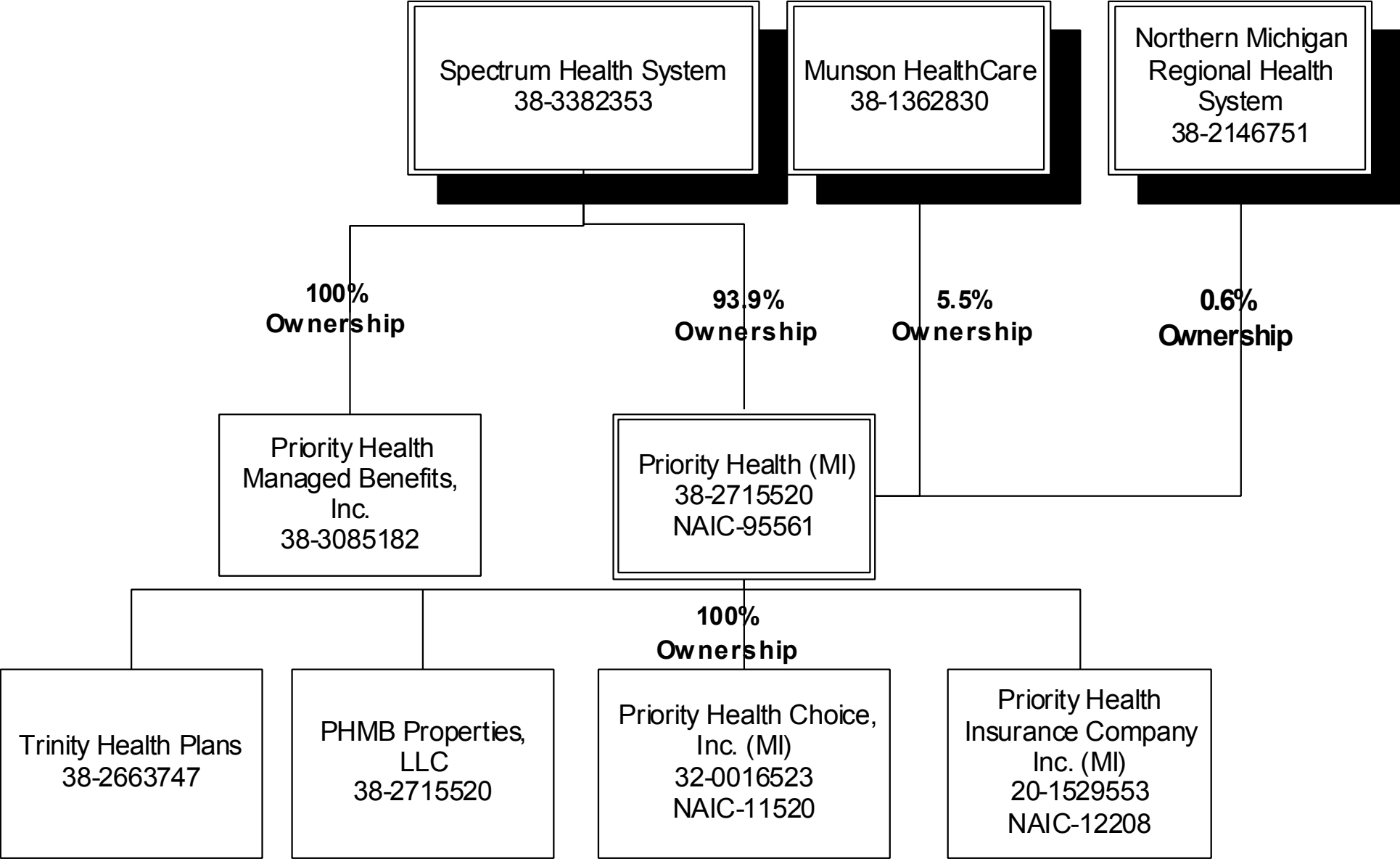
DETAILS OF WRITE-INS

58001.....								.....0
58002.....								.....0
58003.....								.....0
58998. Summary of remaining write-ins for line 58.....		.....0	.....0	.....0	.....0	.....0	.....0	.....0
58999. Total (Lines 58001 through 58003 + 58998).....		.....0	.....0	.....0	.....0	.....0	.....0	.....0

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.
The company only has business in the State of Michigan.

(a) Insert the number of L responses except for Canada and Other Alien.



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